



**Financial Management Systems Improvement Council  
Meeting Notes  
Hyatt Regency Bethesda  
Bethesda, MD  
July 29, 2003**

Attendees: Tom Baranouskas-PNNL, Mike Bartos-ANL, Jim Campbell-DOE HQ, Bruce Chrisman-Fermilab, Gary Concannon-SNL, Nancy Fitchpatrick-DOE OR, Jim Herring-LANL, Brian Morishita-INEEL, Dean Olson-DOE HQ, Ron Ragland-BWXT Y12, Paul Rosenkoetter-INEEL, Brian Sack-BNL, Phil Schultz-LLNL

Guests: Marty Conger-PNNL, Mark Israel-BNL

Not present: Bonnie Apodaca-SNL, Paul Grefenstette-WSRC, Paul Keele-DOE ID,

**Jim Herring**

- *Expansion of FMSIC Membership.* A decision was made to expand the FMSIC membership to include a DOE/NNSA representative. It was suggested that Lee Elster be asked to join the Council and Phil Schultz will ask Dave Marks and Lee Elster who the right person should be for this position.
- *Raising the GPP limits.* Members discussed increasing the GPP limits from \$5M to \$7.5M. Currently, in Senate Appropriations Bill S.1424 calls for the increase to be \$10M. If the GPP limit does go up, the AIP (accelerator improvement projects) need to go up also. Additional data is needed from all of the sites to verify the basis for increasing the limit. This data would address such things as added safety and security, added project management, and escalation. Any data showing increased costs should be consistent across all DOE contractors and be clearly supportable. Jim Herring will take the lead on the data collection. Jim will check with Dave Marks to see what correspondence he can gather on this and distribute it to FMSIC members. (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)



- *Integrating I-Manage into RFPs for NNSA Laboratory contracts.* Dave Marks wrote a letter to Jim Campbell in response to a proposal to incorporate I-Manage into the Requests for Proposal (RFP) for NNSA Laboratory contracts. The letter makes a strong case for not mandating this approach. Jim will provide a copy of the Dave Marks letter to the Council members.
- *Developing a Facility & Infrastructure Crosscut Reporting Structure (also see notes on I-Manage).* It was decided that on page three of this document the word “system” needed to be changed to “systems.” It was determined that there is a need to clarify maintenance as to whether it is programmatic and/or infrastructure. (See handout on <http://info.inel.gov/fmsic/meetnots.htm>)
- *Results of the IGPP/IGPE Survey.* The pilot project associated with this was approved to expire after FY2004. A part of this pilot it was decided that G&A rates could not be raised. This decision does not include GPCE but only GPP. FMSIC members that responded to the survey supported moving beyond the pilot stage for IGPE and extending IGPP (which is not a pilot but has a sunset provision) applying it to all contractors. Respondents also favored lifting restrictions on G&A. While the larger contractors would like to remove the restriction, they are OK if the G&A rate isn’t raised. The limit on G&A poses a problem, however, for the smaller contractors. Phil Schultz will provide Brian Morishita a copy of the IGPP policy for distribution to the other members. After comments from the Council members are provided to Jim Herring, he will talk to Jim Campbell about this. (See handouts (results of the survey) on <http://info.inel.gov/fmsic/meetnots.htm>)

*Personal property valuation.* Will initially record both acquisition and depreciated costs but will report depreciated costs. Dean Olson will talk to Robert Myers for clarification of this. (Subsequent to the FMSIC meeting, Dean issued a letter on this subject, and it is posted on the FMSIC Website.)

#### **Phil Schultz.**

- *Raising the Capitalization Threshold.* A discussion of raising the dollar amount for capitalization but still tagging and controlling property at current levels occurred. It was decided to conduct a survey of just the Council contractors to obtain page three data from the “Preliminary Draft Recommendation to Raise the Capitalization Threshold to \$50,000 for Property, Plant and Equipment” document. It was decided to request the limit to be raised to \$100,000 but a limit of \$50,000 would be acceptable. Brian Morishita will issue the survey, compile the results and forward to Jim Herring who will compose a letter of recommendation on behalf of FMSIC. It was determined that the threshold change needs to be aligned with



FY2005. Need survey data as of 09/30/03. Roxana Hodges is the LLNL point of contact in developing the initial survey. Serious impacts to increasing the threshold was made by BNL. In the case of BNL, it will move roughly 75% of their GPE items from DOE Landlord funding into overhead, which is untenable for them. The argument of convenience and flexibility made by those Labs without DOE GPE funding, along with a possible reduction in inventory levels, does not represent cost savings to them and does not offset the impact of those costs migrating into their overhead.

(See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)

- *Planning Life Cycle Costs.* Discussed the possibility of setting aside funding for D&D. Perhaps treat this as a sinking fund. This was brought up because of the legacy related costs that currently are not planned for and that will have to be funded sometime in the future. Those who have experience with this might develop a WFO uniform process and then spread it out to DOE to see if this can be expanded to DOE and non-dedicated facilities. Maybe send out a request to see what contractors have for life cycle costs. If so, what about WFO? DOE needs an approach for collecting a WFO surcharge for facility D&D in order to make sure direct appropriations are used for their intended purpose. Must consider unknown contaminants that will increase D&D costs. A FMSIC study group will be started to research the issues.

(See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)

### **Jim Campbell**

- *CFO.* A replacement DOE CFO has not yet been identified. No foreseeable changes to the Office of Management, Budget, and Evaluation organization structure. Having the organizations now within the OMBE structure has improved the communication between and among the different member groups. NNSA is reorganizing and downsizing. EM is in the midst of consolidating their business center.
- *Budget.* Direction to take Safeguards and Security back to indirect funding in current house language for FY2005 in recognition of difficulties (unintended effects) managers have in moving funding (i.e., reprogramming) where it is needed. However, the language between the House and Senate has yet to be agreed upon. House increased Yucca Mountain but decreased NNSA funding for FY2004 but Senate did the opposite. Will be resolved in conference. Office of Science did not experience any cuts from either branch.
- *LDRD.* LDRD concern expressed by some WFO customers who could not certify that funding usage was consistent with Funding Agency's Appropriation Act. Legislative consideration given to the way LDRD is funded in the future. Results of an ongoing GAO review will help determine this.



- *IG and GAO Reviews.* IG reporting and GAO Major Management Challenges and Program Risks. Contract management, financial/program management and security. Although the department would like to eliminate IG and GAO reviews, this is not likely given the fact that 90% of DOE's work is contracted out. Focus must be on those challenges that can be worked on.
- *Competition of Contracts.* Chairman David Hobson is considering legislation to compete DOE contracts. However, nothing definite has come out of this.
- *I-Manage Funding.* The funding source that the I-Manage project is part of was reduced, I-Manage was not affected.
- *Financial Statements and Accelerated Closing.* Accelerated schedule for next year of November 15 and this year we set our own requirements of December 15 to meet OMB reporting requirements. This year's June 30 closing serves as the basis for IG's audit of closing. The request of peripheral data (e.g. WFO transfer vouchers) prior to the actual year-end closing is occurring. Estimates will have to be provided with October adjustments made to these estimates and relief is needed to accommodate this if a task or project ends 09/30. This is only a real problem if funds terminate at the end of a fiscal year. Jim Campbell will check to see if the closing schedule can be extended.

**I-Manage/STARS Presentation.** (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)

- Chris Simpson, the STARS/I-Manage Project Manager, provided a briefing on the current status of the STARS/I-Manage Project. While he briefly touched on I-Manage background etc., his talk stressed the actions being taken by the project team with regard to establishing accounting flex fields. Chris also spent a fair amount of time discussing object class reporting requirements and how these are being treated by I-Manage. He briefly discussed the Infrastructure and Facilities Information (IFI) crosscut. In addition, Laura Kramer gave a short talk on the Integrated Contractor Interface Crosswalk, and Lauren Rippeon updated the FMSIC members on SGL.

**DOE Enterprise Architecture** (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)

- John Przysucha of the DOE Office of CIO provided a 30 minute briefing on the present efforts to achieve an enterprise approach to the DOE information architecture. He discussed DOE's efforts to develop a Department wide, unified infrastructure that will optimize the Department's and its contractors' ability to provide for information needs in an efficient, cost effective manner. This effort incorporates the STARS/I-Manage project within a wider effort to address all DOE information needs.



**Brian Morishita**

- *Functional Support Cost Peer Review Team.* A request was made of the Council to provide two more personnel from the contractors who could participate on the functional support cost peer review teams. Brookhaven and LLNL both volunteered to provide a person for this team.
- *FY2004 FMSIC Clearinghouse Funding.* The Council agreed that each contractor member contribute a total of \$17,500 to fund the Clearinghouse for FY2004.
- *FMSIC All-Contractors Meeting Advisory Board.* Volunteers for this board were issued a survey to complete to help develop recommendations to the Council for the next FMSIC ACM. It is the intent of the board to have recommendations available for the November FMSIC meeting.
- *Next FMSIC and All-Contractors Meetings.* The next FMSIC meeting is scheduled for November 18, 2003, Hyatt Regency Bethesda, Bethesda, MD. The FMSIC All-Contractors Meeting is scheduled for April 20-22, Hyatt Regency Bethesda, Bethesda, MD.